

Appendix A

Glossary of Terms/Acronym List

Glossary of Terms

Analysis of Location	The evaluation of the quality of a site compared with that of other competitive sites.
Appraiser	An individual who is required by law to be state certified as “certified general” before he/she may render an acceptable estimate of value for any property (real, chattel, tangible or intangible) involving federal funds.
Architect	The person providing the required design and/or construction services and is professionally licensed to practice in the state where the project is located.
Architectural Analysis	The analysis of the characteristics of the property to determine its quality and acceptability as physical security for FHA mortgage insurance.
As Is	The value of the land in its present condition as determined by the Valuation staff. Mortgage Credit uses the “As Is” value of land in its cost certification processing.
Capital Advance	The development cost limit reserved for the project.
Cohort Year	The Fiscal Year that the firm commitment acceptance date is entered.
Commitment	A pledge or contract involving financial responsibility, a promise by HUD to insure a specific loan to a prospective Borrower. If it is a commitment to a direct loan by HUD, it is to make said loan.
Commitment for Insurance of Advances	A commitment to insure mortgage proceeds for and during the construction of the project. Presupposes two closings - initial closing or endorsement and final endorsement.
Commitment for Insurance Upon Completion	A commitment for the insurance of a mortgage upon completion of the project. Presupposes only one closing - initial/final.
Competitive Locations. prospective occupants of the same segment of the market.	Locations are construed to be competitive when they are improved with, or appropriate for residential properties that are approximately similar in accommodations, and are within a sales price range or rental range that proves acceptable to typical residents or prospective occupants of the same segment of the market.
Completion Date	The date the HUD Architectural Representative signs the final HUD Representative's Trip Report, Form HUD-5379, indicating the project to be 100 percent complete (which may be subject to acceptable items of delayed completion). This date becomes the basis for the establishment of the cut-off date.
Conditional Commitment	A written agreement by the Department to accept an application for firm commitment, subject to specified terms and conditions.

Glossary of Terms

Construction Period	The period after initial closing, for insurance of advances, or the commencement of construction (whichever occurs first) and the HUD approved final completion date.
Contract of Insurance	The agreement evidenced by the issuance of a Mortgage Insurance Certificate or by the endorsement of the FHA Commissioner upon the credit instrument given in connection with an insured mortgage, incorporating by reference the regulations and the applicable provisions of the Act.
Credit Subsidy Amount	The mortgage multiplied by the positive credit subsidy program's rate.
Development Cost	The ordinary, necessary, and reasonable costs for planning, land acquisition, demolition, construction or rehabilitation, equipment, and other items necessary for the development or acquisition of a low income housing project, including costs of the interim financing and inspections.
Economic Soundness	A provision in the National Housing Act requiring that certain mortgage transactions, in order to be eligible for HUD Insurance, shall be considered safe investments. Economic soundness is both an acceptable credit risk and acceptable property.
Expired	Projects have 90 days from the firm commitment date to proceed to closing or they will expire.
Existing Construction	A project or projects constructed prior to the filing of an application for mortgage insurance.
FHA Mortgage Insurance	Insurance issued by FHA to an FHA approved Lender which insures the Lender against default by the Borrower. FHA charges the Lender a fee, typically one-half percent of the outstanding balance of the mortgage per year.
Final Completion Date	The date the HUD Architectural Representative signs the HUD Representative's Trip Report, Form HUD-5379, showing construction is complete subject to acceptable items of delayed completion and the Chief of A, E, & C endorses the report as representing final inspection. This date becomes the basis for the establishment of the cut-off date.
Final Endorsement	When all advances of mortgage proceeds have been made and all terms and conditions of the commitment have been complied with to the satisfaction of the Commissioner.
Final Endorsement Date	
Firm Commitment	A written agreement by the Department indicating approval of the application for mortgage insurance which sets forth the terms upon which the mortgage will be insured.
Fiscal Year (FY)	The US government's official accounting year, which begins October 1 of the calendar year and ends on September 30 of the following calendar year.

Glossary of Terms

General Insurance (GI)	One of the four funds that comprise the FHA funds. It is used to finance most of the higher-risk mortgage insurance programs for low and moderate income families.
Initial Closing	The process that gives consideration to the mortgage, title policy, regulatory agreement, the construction contract, and the owner-architect agreement. The assurances, certificates, and instruments are listed and described. With the relationships identified and established, action can be taken on the credit instrument, construction, and full disbursement.
Initial Endorsement	The first advance of mortgage proceeds.
Insured Mortgage	A mortgage that has been insured by the issuance of a Mortgage Insurance Certificate or by the endorsement of the credit instrument by the FHA Commissioner. See also FHA Mortgage Insurance.
Lender	A financial institution which lends money to a borrower in return for an obligation to repay.
Mortgage	A lien on a project to secure construction advances or a permanent loan.
Mortgagee	The original mortgagee under a mortgage and its successors and assigns, which includes the holders of credit instruments issued under a trust indenture, mortgage, or deed of trust pursuant to which such holders act by and through a trustee therein named.
Mortgagor	The original borrower under a mortgage and his heirs, executors, administrators, and assigns.
Multifamily Insurance Programs	<p>Section 221(d)(3) New Construction and Substantial Rehabilitation for Non Profit: Section 221(d)(3) was established to provide mortgage insurance for the construction or substantial rehabilitation of multifamily rental properties consisting of five or more units. Under this program, nonprofit and cooperative sponsors may receive an insured mortgage up to the full amount of the estimated replacement cost of the project.</p> <p>Section 221(d)(4) New Construction and Substantial Rehabilitation for Profit: Section 221(d)(4) was established to provide mortgage insurance for the construction or substantial rehabilitation of multifamily rental properties consisting of five or more units. Under this program, HUD may only insure to a maximum of 90 percent of the total project cost, and may not insure loans with HUD-subsidized interest rates.</p>

Multifamily Insurance Programs (Contd.)	<p>Section 223(a)(7) Refinancing of FHA-Insured Loans: Section 223(a)(7) gives the FHA authority to refinance FHA-insured loans. Under this program, the refinanced principal amount of the mortgage may be the lesser of the original amount of the existing mortgage or the remaining unpaid principal balance of the loan. Loans insured under any sections of the National Housing Act may be refinanced under 223(a)(7), including those already under 223(a)(7).</p> <p>Section 223(d) Two-Year Operating Loss Insurance: The Section 223(d) offers insurance for operating loss loans on properties whose first mortgage is already insured by HUD. This program may insure loans to cover losses incurred during the first 2 years after construction is complete or in any 2-year period during the first 10 years after construction is complete. Operating losses are defined as the sum of taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and operation of a project that exceed the project's income. Insurance provided under this program cannot exceed 80 percent of the non-reimbursed cash contributions made on or after March 18th, 1987 by the project owner for the use of the project or an amount which, when added to the outstanding indebtedness of the property, equals the allowable mortgage limit for the project.</p> <p>Section 223(f) Purchase or Refinancing of Existing Multifamily Rental Properties: Section 223(f) was established in 1975 to provide mortgage insurance for the refinance or acquisition of existing multifamily rental properties consisting of five or more units. Under this program, HUD may insure only up to 85 percent of the lesser of the project's appraised value or its replacement cost. Projects insured under the program must be at least three years old. In addition, the 223(f) program prohibits HUD from insuring loans with HUD-subsidized interest rates. The program is applicable to both formerly FHA-insured and non-insured projects.</p>
Multifamily Insurance Programs (Contd.)	<p>Section 232NC New Construction of Nursing Homes, Assisted Living Facilities, and Bound Care Facilities: The Section 232NC</p>

	<p>program provides mortgage insurance for three purposes:</p> <ul style="list-style-type: none"> • Construction or rehabilitation of nursing homes, assisted-living facilities, and bound care facilities • Purchase or refinance of projects that do not need substantial rehabilitation • Installation of fire safety equipment for either private, for-profit businesses, or non-profit associations <p>The insurance is intended to cover the Lender against the risk of claim on the mortgage. HUD insures up to a maximum of 90 percent of the estimated value of the physical improvements and major movable equipment. For existing projects, HUD insures a maximum of 85 percent of the estimated value of the physical improvements and major movable equipment. The maximum mortgage term allowed under this program is 40 years for new construction and rehabilitation.</p> <p>Section 232 Refi Refinance or Purchase of Existing Nursing Homes, Assisted Living Facilities, and Bound Care Facilities: The Section 232Refi Program provides mortgage insurance for the refinancing of nursing homes or facilities insured under the 232Refi Program. The insurance is intended to cover the Lender against the risk of claim on the mortgage. For existing projects, HUD insures a maximum of 85 percent of the estimated value of the physical improvements and major movable equipment. The maximum mortgage term allowed under this program is 35 years for existing projects without rehabilitation.</p> <p>Section 241(a) Apartments Improvements and Additions: Section 241(a) Apartments was established to insure loans to finance repairs, additions and improvements to multifamily rental housing and health care facilities. HUD insures loans made by private lending institutions for improvements or additions that already carry HUD-insured or HUD-held mortgages. Under this program, HUD may only insure up to 90 percent of the total project cost for apartments and health care facilities and may not insure loans with HUD-subsidized interest rates.</p>
<p>Multifamily Insurance Programs (Contd.)</p>	<p>Section 241(f) Preservation of Loans for Multifamily Projects: Section 241(f) was established to insure loans for projects whose owners are eligible to prepay and to encourage the owners to extend</p>

	<p>the low-income use of the project. The mortgages permit owners to take out equity and receive an adequate return on their investment while rents remain affordable. Loans were also made to provide acquisition financing for purchasers who extend the low Federal payments to reduce rents for certain disadvantaged low-income persons. HUD may pay rent supplements, on behalf of eligible tenants, to certain private owners of multifamily housing insured by the FHA or to owners of certain projects financed under a State or local program of loans, loan insurance, or tax abatement. The payment makes up the difference between 30 percent of the tenant's adjusted income and the fair market rent determined by HUD. However, the subsidy may not exceed 70 percent of the HUD-approved rent for the specific unit. HUD may pay the supplements for a maximum term of 40 years.</p> <p>Section 242 Hospitals: The Section 242 Hospitals program provides mortgage insurance for the construction or rehabilitation of hospitals and/or the purchase of major hospital equipment to either private, for-profit businesses, or non-profit associations. The insurance is intended to cover the Lender against the risk of claim on the mortgage. HUD insures a maximum of 90 percent of the estimated replacement cost of the hospital, including the installed equipment. The maximum mortgage term allowed under this program is 25 years.</p> <p>Section 542(b) Government Sponsored Enterprise (GSE) Risk Sharing Recently Completed: Under Section 542(b), HUD may share the risk of loss associated with multifamily mortgage defaults with the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC). Section 542(b) was established in 1994 to increase the supply of affordable multifamily housing, and to enhance the availability of mortgage credit in under-served housing markets, by encouraging the GSE's to expand their participation in this market. The individual GSE is responsible for ensuring that the applicable standards relating to the underwriting, servicing, and liquidation of loans considered eligible for the program are upheld. This program tests new forms of Federal credit enhancement used for multifamily loans. The goal is to give GSEs greater access to capital markets while providing borrowers with affordable housing.</p>
<p>Multifamily Insurance Programs (Contd.)</p>	<p>Section 542(b) Government Sponsored Enterprise (GSE) Risk Sharing Refinancing: This program is similar to the GSE Recently Completed program but it involves refinanced properties.</p>

	<p>Section 542(c) Housing Finance Agency (HFA) Risk Sharing New Construction: Section 542(c) of the Housing and Community Development Act of 1992 allows HUD to enter into risk-sharing agreements, thereby increasing the extension of insurance and credit for multifamily loans not previously authorized by the National Housing Act. In this pilot program, HUD insures mortgages for multifamily housing projects that are underwritten, processed, serviced, and disposed of by qualified State and local HFAs. The HFA can, in turn, make loans to investors, builders, developers, public entities, and private non-profit corporations or associations for such housing projects as new construction, substantial rehabilitation, refinancing, and housing for the elderly.</p> <p>Section 542(c) HFA Risk Sharing Refinancing: This program is similar to the Small Projects Processing (SPP) New Construction program but it involves refinanced properties.</p> <p>Mixed-Income Housing: Mixed-Income Housing provides mortgage insurance for the construction of new mixed-income housing or the substantial rehabilitation of existing housing for mixed-income in order to integrate housing projects of different income levels. Certain rent and income restrictions are in place for mixed-housing projects.</p> <p>Small Projects Processing (SPP) New Construction: The FHA established new processing procedures for multifamily rental properties of five to twenty units. These properties may be insured under the Section 221(d)(4) and Section 223(f) programs. Small Projects Processing enables FHA to act as a monitor by allowing approved Lenders to assume certain processing functions usually performed by FHA. Premiums and fees are similar to Section 221(d)(4) and Section 223(f) programs. HUD has a maximum Loan to Value (LTV) of 85 percent for properties of new construction or substantial rehabilitation. The maximum mortgage term allowed is 35 years for new construction and rehabilitation.</p> <p>SPP Refinancing: This program is similar to the SPP New Construction program but it involves refinanced properties. Also, its maximum LTV is 80 percent and it has a maximum mortgage term of 30 years.</p>
Multifamily Project	A project containing five or more family units.

Glossary of Terms (Contd.)

Negative Credit Subsidy	The Section of the Act programs that do not generate a loss (earns a profit).
Neighborhood/Community	A group of people living in a defined location as a smaller social unit within a larger one, and having interests, housing, recreation, services, work, etc. in common.
Office of Management and Budget (OMB)	An executive agency that assists in the preparation of the Federal budget.
Off-Site Improvements	Improvements that are required to serve the project but are outside the project boundaries, which include walks, gutters, curbs, utilities, etc.
Positive Credit Subsidy	The Section of the Act programs that generate a loss and have funds from Congress set aside each year to cover the loss.
Rental Housing	Housing occupancy which is permitted by the owner in consideration of the payment of agreed charges.
Site Appraisal Market Analysis (SAMA)	The site appraisal market analysis, which replaces the feasibility stage of underwriting processing, except for property involving substantial rehabilitation. The purpose of SAMA is to determine market need, acceptability of the site, obtainable rents, value of the site fully improved and acceptability of a nonprofit sponsor/mortgagor.
Section of the Act (SOA)	SOA programs are HUD's programs for low income families.
Special Risk Insurance (SRI)	One of the four funds that comprise the FHA funds. It is primarily used to finance Section 235 and Section 2233(e) programs.
Sponsor	The person making application for the project mortgage loan. The person proposing may not be the mortgagor.
Terminated	A project that is no longer active.

Acronym List

A&E	Architectural and Engineering
AC	Air Conditioning
ADP	Automated Data Processing
ALF	Assisted Living Facility
Amt.	Amount
BSPRA	Builders Sponsor Profit Risk Allowance
B&CF	Board and Care Facility
CA	Contract Authority
CNA	Cost Not Attributable
COMPL	Completed
Congr. Dt.	Congressional District
CS	Credit Subsidy
DAP	Development Application Processing
DMCUT	Data Maintenance Cleanup Utility Tool
EIN	Employer Identification Number
E-Mail	Electronic Mail
Fax	Facsimile
FHA	Federal Housing Administration
FHLMC	Federal Home Loan Mortgage Corporation
FMR	Fair Market Rent
FNMA	Federal National Mortgage Association
FO	Field Office
FOMNS	Field Office Family Network System
FRD	Functional Requirements Document
FY	Fiscal Year
Geo-Code	Geographic Code

Acronym List

GH/ILF	Group Home/Independent Living Facility
GI	General Insurance
GNMA	Government National Mortgage Association
GUI	Graphics Users Interface
HFA	Housing Finance Agency
HUD	U.S. Department of Housing and Urban Development
HUD Database Server	Sybase 11.5 database with Window NT 4.0
HUDWARE II	Standard PC Operating Platform for HUD users
HUDWeb	Netscape Enterprise Server 3.0 with Windows NT 4.0
ICF	Intermediate Care Facility
ID	Identification
ILP	Independent Living Project
Ind.	Indicator
Info	Information
LAMP	Level Annuity Monthly Payment
LTV	Loan To Value
MAP	Multifamily Accelerated Processing
Max.	Maximum
MC	Mortgage Credit
MC-PA	Mortgage Credit - Project Analysis
MCE	Mortgage Credit Examiner
Metro	Metropolitan
MF	MultiFamily
MI	Middle Initial
Min.	Minimum

Acronym List

MIP	Mortgage Insurance Premium
MM/DD/YYYY	Two Digit Month, Two Digit Date, Four Digit Year
MSA	Metropolitan Statistical Area
Neigh.	Neighborhood
No.	Number
NOFA	Notice of Funds Available
Non-Rev.	Non Revenue
NWC	Net Working Capital
OCS	Operating Cost Standard
OMB	Office of Management and Budget
OMHP	Office of Multifamily Housing Programs
Org.	Organization
PC	Personal Computer Processing Center
Pct.	Percent or Percentage
PRAC	Project Rental Assistance Contract
Prev.	Previous
Proj.	Project
RCVD	Received
Rehab	Rehabilitation
Req Rate	Requested Rate
Res.	Reservation
Resp. Ind.	Responsible Individual
Rev.	Revenue
SAMA	Site Appraisal and Market Analysis
SNA	Site Not Attributable

Acronym List

SME	Subject Matter Expert
SNF	Skilled Nursing Facility
SOA	Section of the Act
Spon.	Sponsor
Sq. Ft.	Square Feet
SSN	Social Security Number
Trm	Term
TV	Television
Zip	Zone Improvement Plan

NOTES: